

STATE EDUCATIONAL FACILITIES AUTHORITY

REGULAR SESSION

MEETING OF June 17, 2008

ITEM NUMBER 1

AGENCY: Converse College

SUBJECT: Amended Resolution Authorizing Public Hearing

The Authority is asked to adopt an amended resolution authorizing a public hearing to be held by the Authority with respect to the issuance of not exceeding \$40,000,000 Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning Educational Facilities Revenue Bonds (Converse College).

Section 147(f) of the Internal Revenue Code of 1986, as amended, requires that a public hearing be held prior to the issuance of the bonds. The notice of a public hearing will be published in a newspaper of general circulation in Spartanburg County.

AUTHORITY ACTION REQUESTED:

Adopt an amended resolution authorizing a public hearing to be held by the Authority with respect to the issuance of not exceeding \$40,000,000 Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning Educational Facilities Revenue Bonds (Converse College).

ATTACHMENTS:

McKinney 5/27/08 letter; Authority Resolution

GREENVILLE

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COLUMBIA

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Haynsworth
Sinkler Boyd, P.A.

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May 27, 2008

Mr. Delbert H. Singleton, Jr.
Board Secretary
State Budget and Control Board
601 Wade Hampton Building
Columbia, South Carolina 29201

Re: Not Exceeding \$40,000,000 Educational Facilities Authority for Private Nonprofit Institutions of
Higher Learning Educational Facilities Revenue Bonds (Converse College) (the "Bonds")

Dear Delbert:

On December 11, 2007, the Educational Facilities Authority adopted a resolution (the "Resolution") approving the issuance of the above-captioned Bonds for the purpose of defraying the cost of construction of student residences, improvements and renovations to classroom, administration and other housing facilities, including the acquisition of equipment related thereto (the "Project"), and to refund the outstanding principal amount of the Series 2000 Bonds and certain outstanding bank indebtedness of Converse College (the "College") used for capital improvements.

The College has received a report on the pool inspection which indicates that improvements and renovations need to be made to the aquatics facility and the College wishes to amend the Resolution to include such renovations and improvements. The principal amount of the Bonds will remain the same as approved on December 11, 2007.

Enclosed are six (6) copies of the Amended Resolution authorizing a public hearing in connection with the above-captioned issue. Haynsworth Sinkler Boyd, P.A. is serving as bond counsel to Converse College.

Please let us know if you have any questions.

Very truly yours,

HAYNSWORTH SINKLER BOYD, P.A.



Kathleen Crum McKinney

Enclosures

cc: Rick Harmon, Office of the State Treasurer
Susan Stevenson, Converse College

AMENDED RESOLUTION

AUTHORIZING A PUBLIC HEARING TO BE HELD BY THE EDUCATIONAL FACILITIES AUTHORITY FOR PRIVATE NONPROFIT INSTITUTIONS OF HIGHER LEARNING WITH RESPECT TO THE ISSUANCE BY THE AUTHORITY OF NOT EXCEEDING \$40,000,000 EDUCATIONAL FACILITIES REVENUE BONDS OF THE AUTHORITY (CONVERSE COLLEGE); AND OTHER MATTERS RELATED THERETO.

WHEREAS, the Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning (the "**Authority**") is authorized to issue revenue bonds pursuant to Title 59, Chapter 109 of the Code of Laws of South Carolina, 1976, as amended (the "**Act**"); and

WHEREAS, Converse College, an institution of higher learning as defined under the Act (the "**College**"), is requesting the Authority to issue, subject to adoption of a bond resolution to be submitted to the Authority, not exceeding \$40,000,000 of its Educational Facilities Revenue Bonds (Converse College) (the "**Bonds**"), which may be issued on or before September 1, 2008; and

WHEREAS, the Authority adopted a resolution on December 11, 2007, approving the issuance of not exceeding \$40,000,000, the proceeds of which will be used to (i) defray the cost of construction of student residences, (ii) defray the cost of improvements and renovations to classroom, administration and other housing facilities, including the acquisition of equipment related thereto (items (i) and (ii) being collectively referred to as the "**Project**"), (iii) refund the Authority's \$10,000,000 Educational Facilities Revenue Bonds (Converse College Project) Series 2000 (the "**Prior Bonds**"), currently outstanding in the principal amount of \$6,400,000, and certain outstanding bank indebtedness of the College used for capital improvements, (iv) fund a debt service reserve fund, if any; and (v) pay costs of issuance of the Bonds; and

WHEREAS, the College has determined that the aquatics facility is in need of substantial renovation and improvement and is requesting the Authority to amend the resolution dated December 11, 2007, with respect to the College to include the aquatics facility renovations and improvements; and

WHEREAS, the College intends to submit its application for final approval by the Authority of the Bonds at a forthcoming meeting of the Authority; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), requires that a public hearing be held prior to the issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the State Budget and Control Board in its capacity as the Educational Facilities Authority of Private Nonprofit Institutions of Higher Learning:

Section 1. The Authority approves the holding of a public hearing in accordance with Section 147(f) of the Internal Revenue Code for the Project as revised by this resolution to include renovations and improvements to the aquatics facility. The notice of public hearing shall be in substantially the form attached hereto as *Exhibit A*.

Section 2. The public hearing shall be held prior to final approval of the Bonds by the Authority. The Authority's approval of the holding of the public hearing in no way obligates the Authority to issue the Bonds to finance the Project and refund the Prior Bonds and certain outstanding bank indebtedness of the College.

Section 3. The notice of public hearing shall be published in a newspaper of general circulation in Spartanburg County and an affidavit of publication forwarded to the Authority, together with the minutes of the public hearing prior to final approval, if any, of the Bonds by the Authority.

Done in meeting duly assembled this 17th day of June, 2008.

**EDUCATIONAL FACILITIES AUTHORITY
FOR PRIVATE NONPROFIT INSTITUTIONS
OF HIGHER LEARNING**
Delbert H. Singleton, Jr., Secretary

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the South Carolina Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning (the "Authority") will hold a public hearing with respect to a proposed issuance by the Authority of not exceeding \$40,000,000 aggregate principal amount of Educational Facilities Revenue Bonds (Converse College Project) (the "Bonds"). The proceeds of the Bonds will be used to (i) defray the cost of construction of student residences on the campus of Converse College (the "College") located at 580 East Main Street in Spartanburg, South Carolina, (ii) defray the cost of improvements and renovations to classroom, administration and other housing facilities, as well as renovations and improvements to the aquatics facility, including the acquisition of equipment related thereto (items (i) and (ii) being collectively referred to as the "Project"), (iii) refund the Authority's \$10,000,000 Educational Facilities Revenue Bonds (Converse College Project) Series 2000 (the "Prior Bonds"), currently outstanding in the principal amount of \$6,400,000, and certain outstanding bank indebtedness of the College used for capital improvements, (iv) fund a debt service reserve fund, if any; and (v) pay costs of issuance of the Bonds. The proceeds of the Prior Bonds were used (i) to finance the costs of acquisition, construction, and equipping the Sally Abney Rose Physical Activity Center and other improvements to land owned by the College; expansion and equipping of the College's existing Milliken Fine Arts building; partial renovation to Wilson Hall, the College's main administration building; and construction of an internal connector road through the College's campus (the "Prior Project"); (ii) to refinance the \$2,275,000 outstanding principal amount of the Authority's \$4,400,000 original principal amount Educational Facilities Revenue Refunding Bonds (Converse College Project) Series 1996, which were issued to refinance the \$4,400,000 outstanding principal amount of the \$9,500,000 original principal amount of the Authority's Educational Facilities Revenue Bonds (Converse College Project) Series 1989, the proceeds of which were applied by the College to defray the cost of renovations to Twichell Auditorium, dormitory renovations and miscellaneous improvements to the facilities of the College, and (iii) to pay costs related to the issuance of the Prior Bonds by the Authority. The Project and the Prior Project are located on the campus of the College. The College will own, operate and otherwise control the Project and the Prior Project.

The Bonds will be payable solely by the Authority and exclusively out of payments to be made by the College and are to be secured, *inter alia*, by a security interest in the revenues derived by the Authority from the College in connection with the Project. The Bonds will not constitute an indebtedness of the Authority or the State of South Carolina within the meaning of any South Carolina constitutional provision or statutory limitation nor give rise to a pecuniary liability of the Authority or the State of South Carolina. The Bonds will not constitute a charge against the general credit or taxing powers of the Authority or the State of South Carolina.

Any person may appear and be heard at the public hearing relating to the proposed issuance of the Bonds, which will be held on _____, _____, 2008, at ____ [a.m./p.m.] in _____ located on the campus of Converse College, 580 East Main Street, Spartanburg, South Carolina.

EDUCATIONAL FACILITIES AUTHORITY
FOR PRIVATE NONPROFIT INSTITUTIONS
OF HIGHER LEARNING
Delbert H. Singleton, Jr., Secretary

CONVERSE COLLEGE
Susan Stevenson, Vice President for Finance
and Administration

AGENCY: Newberry College

SUBJECT: Not Exceeding \$24,500,000 Educational Facilities Revenue Bonds (Newberry College Project) Series 2008, of the Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning

The Authority is asked to adopt a resolution authorizing the issuance of not exceeding \$24,500,000 Educational Facilities Revenue Bonds (Newberry College Project) Series 2008, of the Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning.

The proceeds of the bonds will be used to (i) construct and renovate existing campus facilities, including new roofs, bathrooms, locker rooms, athletic training facilities and HVAC improvements; (ii) refund approximately \$17,035,000 of the Authority's Series 2005 bonds; (iii) refund certain bonded indebtedness of the College to the United States Department of Agriculture – Office of Rural development and (iv) refund various conventional loan incurred to renovate campus facilities; (v) to pay capitalized interest on the bonds; and (iv) to pay costs of issuance of the bonds.

In recent years, the Authority has approved the issue of bonds on behalf of Presbyterian College (\$5,850,000 in 1993), Benedict College (\$18,280,000 in 1995), Furman University (\$36,000,000 in 1996), Converse College (\$4,400,000 in 1996), Claflin College (\$7,500,000 in 1997), Morris College (\$6,700,000 in 1997), Coker College (\$4,100,000 in 1998), Presbyterian College (\$11,630,000 in 1998), Allen University (\$7,500,000 in 1998), Charleston Southern University (\$3,500,000 in 1998), Furman University (\$12,000,000 in 1999), Southern Wesleyan University (\$5,500,000 in 1999), Converse College (\$10,000,000 in 2000), Newberry College (\$4,000,000 in 2000), Furman University (\$13,000,000 in 2000), Anderson College (\$4,000,000 in 2001), Voorhees College (\$4,700,000 in 2001), Columbia College (\$10,000,000 in 2001), Anderson College (\$475,000 in 2001), Erskine College (\$10,000,000 in 2001), Presbyterian College (\$25,000,000 in 2001), Claflin University (\$20,000,000 in 2003), Charleston Southern University (\$23,000,000 in 2003), Southern Wesleyan University (\$9,000,000 in 2004), Coker College (\$5,000,000 in 2004), Spartanburg Methodist College (\$6,500,000 in 2005), Newberry College (\$17,100,000 in 2005), Allen University (\$9,000,000 in 2005), Furman University (\$51,000,000 and \$48,000,000 in 2006), Erskine College (\$11,500,000 in 2006), Presbyterian College (\$27,000,000 in 2006), Coker College (\$7,500,000 in 2008), and Wofford College, (\$19,000,000 in 2008).

AUTHORITY ACTION REQUESTED:

Adopt a resolution providing for the issuance of not exceeding \$24,500,000 Educational Facilities Revenue Bonds (Newberry College Project) Series 2008, of the Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning

ATTACHMENTS:

John Van Duys 5/27/08 letter; Authority Resolution

COLUMBIA

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May 27, 2008

VIA HAND DELIVERY

Mr. Delbert H. Singleton, Jr.
Board Secretary
State Budget and Control Board
604 Wade Hampton Building
Columbia, South Carolina 29201

Re: Educational Facilities Revenue Bonds (Newberry College Project) Series 2008, of The Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning


Dear Delbert:

Enclosed are six (6) copies of the Authority Bond Resolution in connection with the above-captioned issue together with one copy of the forms of the Trust Indenture, Loan Agreement, and Bond Purchase Agreement. At the request of Newberry College, please place this Resolution on the agenda for the June 17 meeting of the Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning. Haynsworth Sinkler Boyd, P.A. is serving as bond counsel to Newberry College.

Please let me know if you need anything further at this time.

Very truly yours,

HAYNSWORTH SINKLER BOYD, P.A.


John Van Duys

JVD

Enclosures

cc: Rick Harmon,
Office of State Treasurer
(by hand w/ encl.)
John Robertson, Newberry College
(by E-mail w/o encl.)

BOND RESOLUTION OF THE AUTHORITY

(Newberry College Project)

Series 2008

WHEREAS, the General Assembly of South Carolina has enacted Chapter 109 of Title 59, Code of Laws of South Carolina 1976, as amended, known as the **EDUCATIONAL FACILITIES AUTHORITY ACT FOR PRIVATE NONPROFIT INSTITUTIONS OF HIGHER LEARNING** (the "**Act**"), in order to provide a measure of assistance and an alternative method to enable institutions for higher education in the State to provide the facilities and structures which are needed to accomplish the purposes of the Act, all to the public benefit and good; and

WHEREAS, the **SOUTH CAROLINA STATE BUDGET AND CONTROL BOARD**, acting in its capacity as the **EDUCATIONAL FACILITIES AUTHORITY FOR PRIVATE NONPROFIT INSTITUTIONS OF HIGHER LEARNING** (the "**Authority**"), has agreed with **TRUSTEES OF NEWBERRY COLLEGE OF THE EVANGELICAL LUTHERAN SYNOD OF SOUTH CAROLINA AND ADJACENT STATES**, an institution of higher learning as defined in the Act (the "**College**"), to issue its Educational Facilities Revenue Bonds (Newberry College Project) Series 2008, in the aggregate principal amount of not to exceed \$24,500,000 (the "**Bonds**"), the proceeds of which may be used to (i) construct and renovate existing campus facilities, including new roofs, bathrooms, locker rooms, athletic training facilities and HVAC improvements; (ii) refund approximately \$17,035,000 of the Authority's Series 2005 Bonds; (iii) refund certain bonded indebtedness of the College to the United States Department of Agriculture – Office of Rural Development ("**USDA-RD**") (iv) refund various conventional loans incurred to renovate campus facilities (collectively, the "**Project**"); (v) pay capitalized interest on the Bonds; and (vi) pay costs of issuance of the Bonds; and

WHEREAS, the Bonds will be issued pursuant to the authority of (i) the Act; (ii) an Indenture of Trust (the "**Indenture**"), by and between the Authority and **BRANCH BANKING AND TRUST COMPANY OF SOUTH CAROLINA**, as trustee (in such capacity, the "**Trustee**"), a form of which Indenture has been provided to the State Treasurer as a member of the Authority; and (iii) this Bond Resolution; and

WHEREAS, in connection with the issuance of the Bonds, the College shall enter into a Loan Agreement with the Authority (the "**Loan Agreement**"), by the terms of which Loan Agreement the College will be obligated to make payments fully sufficient to pay principal of, premium, if any, and interest on the Bonds; and

WHEREAS, as security for the repayment of the Bonds, the Authority will assign certain of its rights in the Loan Agreement and the Indenture to the Trustee; and

WHEREAS, **BRANCH BANKING AND TRUST COMPANY**, acting in the capacity of letter of credit provider, intends to issue a direct pay letter of credit (the "**Letter of Credit**") to support the payment when due of the principal of, interest on and purchase price of the Bonds during the period described in such Letter of Credit; and

WHEREAS, on June 4, 2008, a public hearing was held by the College and the Authority on the question of the issuance of the Bonds in the amount of not exceeding \$24,500,000 prior to the issuance of the Bonds, all as required by the Internal Revenue Code of 1986, as amended;

NOW, THEREFORE, BE IT RESOLVED, by the Educational Facilities Authority for Private Nonprofit Institutions of Higher Learning, as follows:

1. To defray the cost of the Project, the issuance of the Bonds is hereby authorized subject to the provisions of the Act, this Bond Resolution and the Indenture. The Bonds shall be in the aggregate principal amount; shall be dated; shall be issued in such denominations; shall be payable as to principal, interest and redemption premium, if any; shall bear interest; shall mature; shall be in the form; and shall contain provisions for execution, authentication, payment, registration, redemption and numbering as shall be set forth in the Indenture.

2. Pursuant to the Act, the Authority authorizes the execution and delivery of the Loan Agreement and the Indenture (collectively, the ***"Bond Documents"***), under the terms and conditions provided therein, the forms of which have been provided to the State Treasurer as a member of the Authority, with such changes, modifications, additions and deletions to the terms thereof and amendments thereto as the State Treasurer, as a member of the Authority, may in his discretion approve.

3. The State Treasurer, as a member of the Authority, is hereby authorized and directed to approve (i) the aggregate principal amount of the Bonds; provided, however, that such aggregate principal amount shall not exceed \$24,500,000; and (ii) the initial rate or rates of interest the Bonds shall bear.

4. There is hereby authorized to be prepared an Official Statement (the ***"Official Statement"***) relating to the Bonds in substantially the form as filed with the Authority, with such modifications, additions or deletions as shall be necessary or advisable to reflect the details of the Bonds, and such other matters as the State Treasurer, as a member of the Authority, upon advice of counsel, shall in his discretion approve.

5. The Bond Purchase Agreement (the ***"Purchase Agreement"***) by and among the Authority, the College, and **SCOTT & STRINGFELLOW, INC., T/A BB&T CAPITAL MARKETS**, acting in its capacity as the Underwriter for the Bonds (the ***"Underwriter"***), the form of which has been provided to the State Treasurer as a member of the Authority, is hereby approved, with such modifications, additions or deletions as shall be necessary or advisable to reflect the details of the Bonds, and such other matters as the State Treasurer, as a member of the Authority, upon advice of counsel, shall in his discretion approve. Such arrangements constitute a private sale to the Underwriter for public distribution thereafter.

6. The Chairman or State Treasurer is hereby authorized and directed to execute and deliver, and the Secretary is hereby authorized to attest, the Bonds and the Bond Documents in the name of the Authority on its behalf, and the Chairman or State Treasurer is hereby further authorized (a) to execute (if required) and deliver the Official Statement to the Underwriter for distribution in connection with the initial offering and sale of the Bonds and to **SCOTT & STRINGFELLOW, INC., T/A BB&T CAPITAL MARKETS**, acting in its capacity as the Remarketing Agent for the Bonds, for distribution in connection with the remarketing of the Bonds, and to execute and deliver the Purchase Agreement and such other agreements, instruments, certificates, representations, assurances and other documents and to do such further acts and things as such officers deem necessary, advisable or appropriate to consummate the issuance of the Bonds by the Authority, the entering into of the Bond Documents and the transactions contemplated thereby as the same shall be finally executed and delivered as authorized by this Bond Resolution, and the other transactions contemplated by this Bond Resolution; and (b) to do and to perform or cause to be done and performed all such other acts and things as such officer or officers shall deem necessary, advisable or appropriate to perform and comply with all of the covenants and agreements of the Authority contained in the Bond Documents and the Purchase Agreement, and to execute and deliver all instruments and certificates required thereby and satisfy all conditions contained therein.